

**MARKET CONDUCT EXAMINATION
OF**

**ROYAL & SUNALLIANCE
AND AFFILIATES**

**9300 ARROWPOINT BOULEVARD
CHARLOTTE, NORTH CAROLINA 28201-1000**

JUNE 1, 1999-MAY 31, 2000



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The Honorable Mike Kreidler
Washington State Insurance Commissioner
Insurance Building
P.O. Box 40255
Olympia, Washington 98504

Dear Commissioner Kreidler:

Pursuant to your instructions and in compliance with the statutory requirements of RCW 48.03.010 and procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner (OIC), an examination of the market conduct affairs has been performed of:

Royal & SunAlliance*
9300 Arrowpoint Boulevard
Charlotte, North Carolina 28201-1000.

This report of examination is respectfully submitted.

*This examination includes the following Royal & SunAlliance affiliated companies:

American & Foreign Insurance Company, NAIC #24589
Globe Indemnity Company, NAIC #24600
Royal Insurance Company of America, NAIC #26980
Royal Indemnity Company, NAIC #24678
Safeguard Insurance Company, NAIC #24694

CHIEF EXAMINER'S REPORT CERTIFICATION and ACKNOWLEDGEMENTS

This examination was conducted in accordance with Office of the Insurance Commissioner and National Association of Insurance Commissioners market conduct examination procedures. Sally Anne Carpenter, AIE, and Shirley M. Merrill of the Washington State Office of the Insurance Commissioner performed this examination and participated in the preparation of this report.

The examiners wish to express appreciation for the courtesy and cooperation extended by the personnel of Royal & SunAlliance during the course of this market conduct examination.

I certify that the following is the report of the examination, that I have reviewed this report in conjunction with pertinent examination work papers, that this report meets the provisions for such reports prescribed by the Office of the Insurance Commissioner, and that this report is true and correct to the best of my knowledge and belief.

Leslie A. Krier, AIE, FLMI
Chief Market Conduct Examiner
Office of the Insurance Commissioner
State of Washington

FOREWORD

This market conduct examination report is by exception and additional practices, procedures, and files subject to review during the examination were omitted from the report if no improprieties were indicated. Throughout the report, where cited, RCW refers to the Revised Code of Washington, and WAC refers to Washington Administrative Code.

Scope

Time Frame

This examination covers the period of June 1, 1999 through May 31, 2000. A previous examination report written by this department was adopted July 1992. This examination was performed on-site at the company's regional office in Seattle, Washington.

Matters Examined

The examination included a review of commercial and personal lines underwriting activities in the following areas:

- Agent licensing
- Underwriting and rating of new and renewal policies, non-renewed and cancelled policies and declined to write applications
- Forms and rates.

Sampling Standards

Methodology

In general, the sample for each test utilized in this examination falls within the following guidelines:

92 %	Confidence Level
+/- 5 %	Mathematical Tolerance.

These are the guidelines prescribed by the National Association of Insurance Commissioners in the Market Conduct Examiners Handbook.

Regulatory Standards

Samples are tested for compliance with standards established by the OIC. The tests applied to sampled data will result in an error ratio, which determines whether or not a standard is met. If the error ratio found in the sample is, generally, less than 5%, the standard will be considered as "met." The standard in the area of agent licensing and appointment will not be met if any violation is identified. The standard in the area of filed rates and forms will not be met if any violation is identified. This will also apply when all records are examined, in lieu of a sample.

For those standards, which look for the existence of written procedures, or a process to be in place, the standard will be met based on the examiner's analysis of those procedures or processes. The analysis will include a determination of whether or not the company follows established procedures.

HISTORY, OPERATIONS AND MANAGEMENT

The Royal Insurance Holdings plc merged with SunAlliance Group plc in July of 1996, which created one of the largest multiline insurers in the United Kingdom, as well as one of the largest in the world. The new holding company called Royal & SunAlliance Insurance Group was the result of the merger.

The Royal & SunAlliance USA Group represents the United States operations of the British based international insurance group. The operations of the United States group account for 16% of the worldwide property and casualty premiums written for the Royal & SunAlliance Holdings Group.

The Royal & SunAlliance USA Insurance Group consists of 32 subsidiaries that provide a complete assortment of property, casualty, life, and health products in the United States. The products are marketed through independent agents and brokers. Historically, Royal's main marketing thrust was to write mid to large commercial accounts. They had a limited amount of personal lines business. With the acquisition of the Orion Capital Corporation in November of 1999, the mix of business is now evenly distributed between commercial and personal lines. The addition of Orion Capital Corporation, a specialty personal and commercial lines writer, doubled the group's U.S. property and casualty market presence.

Royal & SunAlliance has 10 affiliated companies authorized to do business in Washington state, five of which are subject to this examination. They are:

American & Foreign Insurance Company	The London Assurance Company of America
Globe Indemnity Company	Marine Indemnity Insurance Co. of America
Royal Indemnity Company	Phoenix Assurance Company of New York
Royal Insurance Company of America	The Sea Insurance Company of America
Safeguard Insurance Company	Royal & SunAlliance Personal Insurance Co.

In addition to these companies, there are eight (8) Orion group companies that are authorized to do business in Washington state.

The American & Foreign Insurance Company was organized in December of 1896 under the laws of New York as the American & Foreign Marine Insurance Company and began business in February 1897. The current name was adopted when the company re-domiciled to Delaware in 1979.

Globe Indemnity Company was incorporated June 1, 1911 in New York and began business December 4, 1911.

The Royal Indemnity Company was incorporated September 30, 1910 in New York and began business February 15, 1911.

The American & Foreign Insurance Company, the Globe Indemnity Company, and the Royal Indemnity Company were incorporated on December 3, 1979 under the laws of Delaware. The purpose of this move was to re-domicile the companies from New York to Delaware.

The Royal Insurance Company of America was originally named Queen Insurance Company of America. Queen was incorporated September 11, 1911 under the laws of New York. On October 22, 1971, the company was re-domiciled to Illinois as Royal Globe Insurance Company. On June 27, 1980 the company's name was changed to The Royal Insurance Company of America.

Safeguard Insurance Company was originally incorporated under the laws of Connecticut on June 28, 1867 as the Orient Insurance Company. The name of Safeguard Insurance Company was adopted 12/31/1956 when two companion companies, London & Lancashire Indemnity Company and Safeguard Insurance Company of New York merged into the Orient Insurance Company.

Terry Broderick, Chairman and Chief Executive Officer leads the United States operations. There are 8 directors and 65 other officers of the companies under his direction.

AGENT LICENSING

Policy records selected for the new and renewal underwriting sample were also used for the agent licensing sample. The examiners selected 209 policies for the review. The examiners compared the agent listed on the policy with the Office of the Insurance Commissioner's (OIC) records to ensure that agents soliciting business for the companies were licensed and appointed pursuant to the requirements of RCW 48.17.060 and RCW 48.17.160.

RCW 48.17.060 "(1) No person shall in this state act as or hold himself out to be an agent, broker, solicitor, or adjuster unless then licensed therefor by this state."

RCW 48.17.160 "(1) Each insurer on appointing an agent in this state shall file written notice thereof with the commissioner on forms as prescribed by the commissioner, and shall pay the filing fee therefor as provided in RCW 48.14.010...."

Commercial and personal lines business in Washington are written through independent agents.

Our findings are as follows:

- 12 personal lines policies were written by agents that were not appointed by the company as required by RCW 48.17.160(1). (See Appendix I for detail.)

Sample Size	# Violations	% in Violation
209	12 policies	5.74%

Standard: All agents will be licensed by the state of Washington prior to soliciting business for the Company.

Result: The Company met this standard.

Standard: All agents must be appointed with the Company prior to soliciting business for the Company.

Result: The Company did not meet this standard. (0% tolerance)

UNDERWRITING AND RATING

The examiners selected 100 new and renewed policies from a population of 1681 new and renewed commercial policies and 109 policies from a population of 332 new and renewed personal policies. Files were reviewed to determine if:

- the companies follow their filed rating plans
- the companies follow their underwriting rules consistently
- the companies were in compliance with Washington state laws.

The examiners also manually rated policies to determine if there were any programmed errors in the companies' computer system and if the companies were using their filed and approved rates.

The examiners found the following errors, in addition to the findings listed below.

- 1 personal lines policy that did not have personal injury protection coverage did not contain a signed rejection form as required by RCW 48.22.085(2). This was returned to the company by the examiners for correction. This appeared to be an error as only one violation was identified in the sample.
- 2 policies that were "a" rated did not contain the documentation required by WAC 284-24-070. These were returned for review to the underwriting manager by the examiners. This violation was noted in the prior exam. However, as there were only two violations in the sample, these appear to be training issues for the underwriter, and not representative of company procedure.

In any of the listings below, policies with more than one violation will be listed for each violation.

Our findings are as follows:

RCW 48.05.190 Name of Insurer. "(1) Every insurer shall conduct its business in its own legal name."

86 letters, certificates of liability insurance, evidence of property insurance, and renewal proposals did not show the correct insuring company. These were all identified in the commercial lines department. (See Appendix II for detail.)

This violation was also found in the prior examination.

Total Population	Sample Size	# Violations	% in Violation
2,013	209	5 policies	2.3%

Standard: The Company must conduct business in its own name.

Result: The Company met this standard.

Subsequent Event: The companies amended the template for their proposal form to identify the correct name of the insuring company providing the quote.

RCW 48.22.030 Underinsured, hit-and-run, phantom vehicle coverage to be provided-Exceptions-Conditions-Deductibles. “(2) No new policy or renewal of an existing policy insuring against loss resulting from liability imposed by law for bodily injury, death, or property damage, suffered by any person arising out of the ownership, maintenance, or use of a motor vehicle shall be issued with respect to any motor vehicle registered or principally garaged in this state unless coverage is provided therein or supplemental thereto for the protection of persons insured thereunder who are legally entitled to recover damages from owners or operators of underinsured motor vehicles, hit-and-run motor vehicles, and phantom vehicles...

(3) Except as to property damage, coverage required under subsection (2) of this section shall be in the same amount as the insured’s third party liability coverage unless the insured rejects all or part of the coverage as provided in subsection (4) of this section...

(4) A named insured or spouse may reject, in writing, underinsured coverage for bodily injury or death, or property damage, ...”

- 1 Commercial policy was issued without the underinsured motorist coverage. The company could not provide a signed rejection stating the insured did not want the coverage, therefore the policy should have been issued with the coverage.

Total Population	Sample Size	# Violations	% in Violation
1,681	100	1	1.0%

- 19 personal lines files were issued either with lower limits than the insureds had selected for their 3rd party limits, or the insured’s policy was issued for limits lower than the insured had been quoted and in some cases with no property damage coverage. The company could not provide any signed rejections for the differences. (See Appendix III for detail.)

Total Population	Sample Size	# Violations	% in Violation
332	109	19	17.4%

Standard: Files must contain evidence of a signed rejection of the insured for coverage that is mandated by rule.

Result: The Company did not meet this standard.

WAC 284-24-100 Standards for schedule rating plans.

“(2) A schedule rating plan shall provide no more than a twenty-five percent credit (reduction) or debit (charge). A schedule rating plan shall not be combined with other rating plans or rating rules in such a way that the schedule rating affects the premium by more than twenty-five percent. ”

“(3) Any expense modification rule which does not prescribe specific credits or debits for particular situations is considered to be similar to schedule rating. In such a case, the combined effect of schedule and expense modifications shall not exceed twenty-five percent.”

"(5) A schedule rating plan must provide for an objective analysis by the insurer of the risk and be based on specific factual information supporting the rating....."

“(7) A schedule rating plan shall be administered equitably and applied fairly to every eligible risk which an insurer elects to insure. Records supporting the development of individual risk modifications shall be retained by the insurer for a minimum of three years or until the conclusion of the next regular examination by the insurance department of its domicile, whichever is later and made available at all reasonable times for the commissioner’s examination. The records must include copies of all documentation used in making each particular determination, even though a credit or debit may not result.”

The examiners reviewed 209 files to determine if schedule ratings applied. Of those files with schedule ratings, there were 13 files with violations. Violations were also found in the prior examination. The number of violations indicated to the examiners that the company has failed to implement procedures to ensure compliance with WAC 284-24-100.

The violations included policies that were credited or debited without the required documentation and analysis to support the underwriter’s decision, credits given for construction already contemplated in the property rate, and credits dropped without explanation when a policy renewed. The examiners required the companies to return premium to the insureds when the policies were debited without supporting documentation and analysis. A total of \$2,710.00 was returned to five (5) insureds. (See Appendix IV for detail.)

Total Population	Sample Size	# Violations	% in Violation
2,013	209	13	6.2%

Standard: Underwriting files must be documented to show fair and equitable application of credits and debits.

Result: The Company did not meet this standard.

WAC 284-30-560 Applications and binders. "(2) Beginning June 1, 1985, every binder used pending the issuance of a policy of property, marine and transportation, vehicle and general casualty insurance, as those kinds of insurance are defined in chapter 48.11 RCW, shall be reduced to writing or printed form and delivered or mailed to the insured as promptly as possible, which should generally be no later than the next business day.

(a) Such binder must be dated, identify the insurer in which coverage is bound, briefly describe the coverage bound, state the date and time coverage is effective, and acknowledge receipt of the amount of any premium money received.

(b) Such binder may be incorporated in or be attached to the application for the insurance but must be clear and conspicuous.

(3) Binders should be replaced promptly with insurance policies. With few exceptions and then only in compliance with RCW 48.18.230(2), insurers must replace binders within ninety days of their effective date.

(5) Each insurer shall inform its agents and appropriate representatives of the requirements of this section."

- 37 binders issued by one agent were not in compliance with this law. Policy numbers are contained in the examiners' work papers.

Total Population	Sample Size	# Violations	% in Violation
2,013	209	37	17.7%

Standard: Binders must be in the form stated in WAC 284-30-560(2)(a).

Result: The Company did not meet this standard.

Subsequent Event: The companies have instructed their agent to use a different binder form, Acord 75-S, which is in compliance with WAC 284-30-560.

NON-RENEWAL AND CANCELLATIONS

The examiners selected a sample of 85 policies from a population of 482 commercial and personal policies for the review. The policies were either cancelled or non-renewed during the exam period. The files were reviewed to determine if the company was in compliance with state laws governing cancellations and non-renewals. Eighty-eight “declined to write” quotes were also reviewed.

- 1 commercial policy contained a cancellation notice that did not give the reason the company was canceling the policy in violation of WAC 284-30-570. This was returned for review to the underwriting manager by the examiners. This violation was noted in the prior exam. However, as there was only one violation in the sample, it appears that this was an isolated problem, and not representative of company procedure.

No other findings were noted.

Total Population	Sample Size	# Violations	% of Violations
482	85	1	1.1%

Standard: Cancellation notices must contain the reason for cancellation.

Result: The Company meets this standard.

RATE AND FORM FILING

A sample of rate and form filings was taken from the 209 new and renewed policies used in the underwriting sample. The purpose of this sample was to determine if the companies were complying with the laws regarding the filing and use of rates and forms.

The companies utilized Insurance Services Office (ISO) as their rating organization for commercial lines rates and rules, as well as those from Washington Surveying & Rating Bureau, (WS&RB) for their commercial fire policies. The companies developed and filed company deviations to the ISO and WS & RB rules and rates for some of their commercial products. They also developed some of their own products. Examples of products developed by the companies include their commercial property policy called Royal Flex and the officers and directors package called Profin.

Commercial product forms are either ISO forms or are developed by the companies utilizing information from various rating and advisory organizations. They also use their own experience and perceptions of the needs of the market place.

Form Filings

RCW 48.18.100 Forms of policies -- Filing, certification, and approval. (1) “No insurance policy form other than surety bond forms, forms exempt under RCW 48.18.103, or application form where written application is required and is to be attached to the policy, or printed life or disability rider or endorsement form shall be issued, delivered, or used unless it has been filed with and approved by the commissioner. This Section shall not apply to policies, riders or endorsements of unique character designed for and used with relation to insurance upon a particular subject.”

This code section applies to both commercial and personal lines. There were no violations noted in the personal lines policies reviewed.

- 11 commercial umbrella policies were issued with an endorsement that had not been approved for use in Washington state at the time it was used. (See Appendix V for detail)

Total Population	Sample Size	# Violations	% in Violation
1,681	100	11	11.0%

Standard: Policy forms and endorsements for commercial policies must be filed and approved prior to use.

Result: The Company does not meet this standard.

Rate Filings

RCW 48.19.040 Filing required -- Contents.

(6) “Where a filing is required no insurer shall make or issue an insurance contract or policy except in accordance with its filing then in effect, except as provided by RCW 48.19.090.”

This code section applies to both commercial and personal lines. Violations are listed under the appropriate line.

Commercial Lines

- The examiners reviewed 100 policy files to determine if the policies issued contained forms that had been filed with the OIC. The examiners found nine violations. These included a charge that could not be explained, inconsistent rating of vehicles, premium size modification not applied or not applied on all eligible lines of coverage. The examiners returned the files for correction resulting in return premium of \$5309 to four insureds. (See Appendix VI for detail.)

Total Population	Sample Size	# Violations	% in Violation
1,681	100	9	9.0%

In addition to these violations, the examiners found that commercial auto policies, commercial umbrella policies and farm policies contained violations as indicated below. Because these findings are global and affect all policies with this benefit, they are not included in the summary table for this section.

- When reviewing the original sample, the examiners discovered a programming error in the comprehensive and collision coverage for manually rated commercial auto policies. The examination was expanded to identify all possible policies that may have been rated incorrectly. The company identified 4267 policies that might contain the rating error. From this policy list, 50 files were selected to re-rate and identify the affect of the rating error. Based on the 50 files, 90% of the policies were rated incorrectly. 84% of the policyholders were overcharged an average of \$46.50, 10% were rated correctly, and 6% were undercharged an average of \$13.33. The company has been instructed to re-rate and refund overcharged premium on all policies issued using the incorrect rates.
- 609 commercial umbrella policies were issued utilizing a Judgement Modification Table. The examiners found that the companies were notified by the Office of the Insurance Commissioner that the plan was not approved and could not be used until it complied with WAC 284-24-100, a Washington law governing the schedule rate plan for commercial risks. The company identified 609 policies issued using this unapproved Judgement Modification plan. A list of the policy numbers is contained in the examiner’s work papers. These 609 violations are not included in the table below which identifies violations in the sample.
- The examiners manually rated the farm policies. It was discovered that the companies’ filed rate manual did not match the premium charged for farm liability because the

companies did not take into consideration how their computer system would round the rates in their manual. This created a difference of plus or minus \$1 between the filed and approved rates and what the insured was charged. The companies have agreed to re-file the rates to conform with the way the computer processing system rounds the rates.

Standard: Rates must be filed and approved prior to use.

Results: The Company did not meet this standard.

Personal Lines

The examiners reviewed 109 personal lines policy files to determine if the policies issued contained any rates that had not been filed and approved prior to use. The results of this review show violations included policies that were given credits for anti-lock brakes or anti-theft devices without documentation as required, vehicles that were incorrectly classified, or policies that were not rated with all eligible discounts. (See Appendix VII for detail.)

Total Population	Sample Size	# Violations	% in Violation
332	109	7	6.4%

In addition to these violations, the examiners found that motor home policies contained violations as indicated below. Because these findings are global and affect all policies in this category, they are not included in the summary table for this section.

- The examiners found that a credit was applied to any motor-home policy whose insured was a member of a Recreational Vehicle Association. The filing allowing this credit had been filed but had not been approved by the OIC at the time it was being applied. The examiners requested a list of all policies with this credit. The list of 104 policies is contained in the examiners work papers.

Standard: Rates must be filed prior to use.

Result: The Company did not meet this standard.

INSTRUCTIONS AND RECOMMENDATIONS

1. The companies are instructed to establish procedures that ensure compliance with RCW 48.17.160 and that all agents are licensed, properly appointed, and the filing fee has been paid as required by RCW 48.14.010. (Page 9)
2. The companies are instructed to establish procedures that ensure compliance with RCW 48.05.190(1) and that policy documents and correspondence correctly identify the legal name of the insuring company. (Page 10)
3. The companies are instructed to establish procedures to ensure compliance with RCW 48.22.030 and that the insured has signed underinsured motorist rejection forms or selection of lower limit forms as required. (Page 11)
4. The companies are instructed establish and follow procedures to ensure compliance with all rating requirements stated in WAC 284-24-100(2), (3), (5) and (7). (Page 12)
5. The companies are instructed to ensure that all binders correctly identify the legal name of the insuring company as required in WAC 284-30-560. (Page 12)
6. The companies are instructed to file and obtain approval for all forms not exempt under RCW 48.18.103 as required by RCW 48.18.100(1). (Page 15)
7. The companies are instructed to establish procedures to comply with RCW 48.19.040(6) regarding filings, rating plans and application of approved rates. (Page 16)

APPENDIX I
Policies in Violation of RCW 48.17.160
Agents must be licensed and appointed by the company

Policy or Binder Number	Comment	Agent Number
PLV 62 16 07	Agent not appointed by company	70009
PLV 67 18 28	Agent not appointed by company	70009
PDA 1330CB	Agent not appointed by company	70009
9519EK	Agent not appointed by company	5363800
9566EK	Agent not appointed by company	5363800
9559EK	Agent not appointed by company	5363800
9375EK	Agent not appointed by company	5363800
9481EK	Agent not appointed by company	5363800
ADU2299DV	Agent not appointed by company	5363800
ADU2313DV	Agent not appointed by company	5363800
ADU8790CC	Agent not appointed by company	5363800
ADU1210AQ	Agent not appointed by company	5363800

APPENDIX II
Policies in Violation of RCW 48.05.190(1)
Insurers Must Do Business in Their Own Legal Name

Policy Number	Comments
GST-250909	1 letter written on Generic Royal/SunAlliance letterhead
GSV-034227	2 letters written on Generic Royal/SunAlliance letterhead and referred to Royal/SunAlliance in the letter, instead of identifying the actual insurer.
SV030398	1 quote did not identify the insuring company in the proposal
ASP272495	62 Certificates of Insurance or Additional Insured endorsements did not correctly identify the insuring company.
SV035973	20 Certificates of Insurance or Evidence of Property Insurance forms did not correctly identify the insuring company.

APPENDIX III
Policies in Violation of RCW 48.22.030(4)
File Must Contain Rejection of Coverage in Writing

Policy Number	Comments
SP237126	No Uninsured Motorist Rejection on file.
2469DV	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
UJ6792	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
9548EK	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
9527EK	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
UL4243	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
UL3718	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
FY4102	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
1330CB	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
8018CO	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
VV7632	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
RC5110	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
1210AQ	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
EV4102	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
0530BX	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
UL3402	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
5969CM	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
8022CO	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)
5407CO	No signed waiver for Uninsured Motorist Property Damage (UIM-PD)

APPENDIX IV
Policies in Violation of RCW 48.05.190(1)
Insurers Must Do Business in Their Own Legal Name

Policy Number	Comments
SP274389	Credits allowed for construction already contemplated in the property rates.
SP200734	Policy qualified for schedule rating, however the policy did not contain documentation or analysis as required.
PSP201169	Credits dropped from renewal with no explanation as required. Recovery to insured \$148.
RST307003	Policy was debited without supporting documentation. Recovery to insured \$589.
SP272480	Policy was debited without supporting documentation or analysis as required. Recovery to insured \$956.
SP200933	Policy was debited without supporting documentation or analysis as required. Recovery to insured \$338.
PKP313517	Policy qualified for scheduled rating. No explanation in the file about why it did not qualify for credits.
SP274376	Policy was credited without supporting documentation or analysis as required. The company will correct at renewal.
SP201084	Policy was credited without supporting documentation or analysis as required. The company will correct at renewal.
SP274364	Policy was credited without supporting documentation or analysis as required on the crime coverage.
SP2000946	Policy was credited 25% one year, no credits the next renewal, debited 15% the third year without supporting documentation or analysis as required. Recovery to the insured \$679
GSV034227	Policy was credited with 25% on the auto coverage one year, and debited 16% at renewal without supporting documentation or analysis as required.
PST264663	Policy was credited without supporting documentation or analysis as required.

APPENDIX V
Policies in Violation of RCW 48.18.100
Endorsements Must Be Approved Prior to Use

Policy Number	Comments
LA458754	Policy processed with Endorsement LI 0018 which was not filed and approved for use in Washington
LA458756	Policy processed with Endorsement LI 0018 which was not filed and approved for use in Washington
LA458387	Policy processed with Endorsement LI 0018 which was not filed and approved for use in Washington
LA458399	Policy processed with Endorsement LI 0018 which was not filed and approved for use in Washington
LA458398	Policy processed with Endorsement LI 0018 which was not filed and approved for use in Washington
LA458749	Policy processed with Endorsement LI 0018 which was not filed and approved for use in Washington
LA458390	Policy processed with Endorsement LI 0018 which was not filed and approved for use in Washington
LA458404	Policy processed with Endorsement LI 0018 which was not filed and approved for use in Washington
LA458407	Policy processed with Endorsement LI 0018 which was not filed and approved for use in Washington
LA458720	Policy processed with Endorsement LI 0018 which was not filed and approved for use in Washington
LA458379	Policy processed with Endorsement LI 0018 which was not filed and approved for use in Washington

APPENDIX VI
Policies in Violation of RCW 48.19.040(16)
Rates and Rate Manuals Must Be Approved Prior to Use

Commercial Lines

Policy Number	Comments
Farm policy rate manual	Manually rated farm policies based on the rate manual does not match computer generated premium because it did not take the rounding process into account, creating a difference of plus or minus \$1.00.
ASV 026426	Premium not calculated according to filed rates. No explanation for pro Coded 44444. Recovery to insured \$256.
LA304928	Premium not calculated according to filed rate plan. Incorrect modification factor used for the premium calculation. Recovery to insured \$445.
GST313399	Premium not calculated according to filed rate plan. Company applied ineligible factors to the premium.
AST313616	Premium not calculated according to filed rate plan. Company applied ineligible factors to the premium.
AST313550	Premium not calculated according to filed rate plan. Company applied ineligible factors to the premium.
AST313423	Premium not calculated according to filed rate plan. Company applied ineligible factors to the premium.
SP201134	Premium modification size factor not applied to eligible coverage. Recovery \$311 to insured.
PST264663	Premium modification size not applied to any eligible coverage. Recovery to insured \$4297.

APPENDIX VII
Policies in Violation of RCW 48.19.040(6)
Rates Must Be Approved Prior to Use

Personal Lines

Policy Number	Comments
8557CO	Policy rated with discount that was not documented.
7225CO	Vehicle written as a motorhome did not qualify for the motorhome program according to the Motorhome Program guidelines.
47711CO	Policy not give all the discounts allowed per the filed rate plan. Recovery to insured \$17.
ADU5288CO	Policy was given defensive driving and anti-theft credits that were not documented as required.
ADA5407CO	Policy was given credits that were not documented as required.
GDA8018CO	Policy was given defensive driving and anti-theft credits that were not documented as required.
GDA4815 EI	Policy was incorrectly classified and rated. Recovery to insured \$21.60.